

Maryland Department of Health and Mental Hygiene
Health Enterprise Zones (HEZ) Summit:
Sustaining Social Determinants of Health Programs

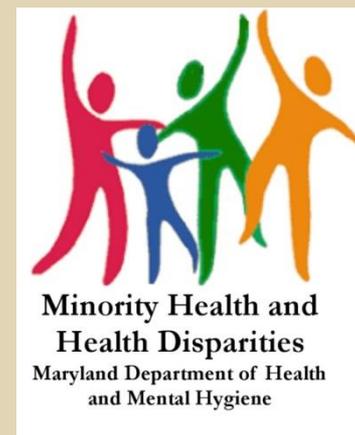
**New and Emerging Opportunities in Maryland for
Addressing Social Determinants of Health:
*Key HEZ Sustainability Questions***



November 3, 2016

David A. Mann, MD, PhD
Epidemiologist,

***Office of Minority Health and Health Disparities,
Maryland Department of Health and Mental Hygiene***



Rationales for Sustaining Programs

- Business Case: \$\$ Return on Investment (ROI)
 - The reaper of the return should make the investment
- Altruism/Philanthropy or Public Good
 - When no clear \$\$ ROI results from the program
 - Sustainability requires perpetual subsidy
- *Question: Are insurers, providers (hospitals) or regulators (HSCRC) able to provide support to the HEZ components under a non-ROI rationale?*

ROI Rationale and Global Budgets

- **Implications of Global Budgets for SDH support:**
 - **Different concept of the “relevant cost”**
 - Old fee-for-service: cost = price paid by payers for volume
 - New Global Budgets: cost = provider production costs
 - **Different relationship of relevant cost to volume**
 - Old FFS: payer cost tightly linked to volume
 - New GB: Δ production cost uncoupled from Δ volume
 - Don't confuse average cost with marginal cost
 - **Who holds the “savings”?**
 - Hospitals, Payers, both, neither?
 - **Are the savings real or actuarial?**
 - Is there real money saved that can be invested in SDH?